

Message Text

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ACTION OPIC-06

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3802

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DEPT PASS OPIC

E.O. 11652: N/A

TAGS: EFIN, TH

SUBJECT: POTENTIAL CLAIM UNDER OPIC EXPROPRIATION COVERAGE -
CONSOLIDATED AMERICAN SERVICES, INC.

REF: (A) BANGKOK 20252, (B) BANGKOK 17087

1. MR. ERNEST WOLFE (REFTELS) TELEPHONED EMBASSY SEPT 22 TO STATE THAT HIS COMPANY, AUTOMATION INDUSTRIES, INC., OWNER OF CONSOLIDATED AMERICAN SERVICE, INC. (OPIC CONTRACT NO. 5949 - THAILAND), HAD SOLD ITS THIRTY PERCENT INTEREST IN THAI AIRCRAFT MAINTENANCE CO. LTD. (THAI-AM) TO BANGKOK INTERNATIONAL TRADING CO. (BITCO-REFTEL B) AT BOOK VALUE WHICH AS OF THE END OF AUGUST, AMOUNTED TO \$125,000. THIS RELATES TO THE TRANSACTION MENTIONED IN MR. WOLFE'S AUGUST 13, 1976 LETTER TO OPIC COUNSEL RICHARD STERN. WOLFE, WHO HAS SINCE DEPARTED THAILAND, SAID HIS COMPANY'S CLAIM AGAINST OPIC WOULD NOW BE PURSUED BY HIS COMPANY'S LAWYERS. BASED ON EARLIER CONVERSATIONS WITH HIM, HE EXPECTS CLAIM WOULD BE REDUCED BY THE AMOUNT RECEIVED FOR THE SALE OF ITS SHARES IN THAI-AM.

2. FOR OPIC'S INFORMATION, DURING TWO WEEKS PRIOR TO WOLFE'S ANNOUNCEMENTS, (1) REPRESENTATIVES OF BITCO (WHICH IS 50 PERCENT GOVERNMENT-OWNED) CALLED AT
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EMBASSY AND, AT THEIR REQUEST, WERE BRIEFED ON OPIC

INVESTMENT INSURANCE COVERAGE, AND (2) DURING AN
EMBASSY OFFICER'S VISIT TO THE MINISTRY OF FOREIGN
AFFAIRS TO DISCUSS ANOTHER MATTER, HE WAS ASKED
ABOUT OPIC, WITH PARTICULAR REFERENCE TO CONSOLIDATED
AMERICAN INVESTMENT INSURANCE. EMBOFF EXPLAINED THAT
OPIC COVERAGE WAS BASED ON HOST GOVERNMENT APPROVAL OF
PROJECT AND ON UNDERLYING BILATERAL AGREEMENT BETWEEN
HOST GOVERNMENT AND USG.
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